B4300-1

1 9 8 3

THE SILVER MARKET

1 9 8 3

68th Annual Review compiled by Handy & Harman

1 9 8 3

Handy & Harman, © 1984
All rights reserved

Handy & Harman
850 Third Avenue, New York, NY 10022

Highlights of The Silver Market 1983

We have continually emphasized that there will not be a shortage of silver for future industrial needs and events have confirmed this position.

During 1983, silver supplied to the market from new mine production and secondary sources exceeded industrial demand by approximately 100,000,000 ounces. Furthermore, any improvement in industrial demand in 1984 may be readily accommodated by available supplies.

There have been few years in which the silver market has presented a more confused and unpredictable performance than the one just ended. Speculator and investment activity continued to dominate the market in 1983 as in prior years.

The reason for the increases and subsequent declines in silver prices during 1983 had little relationship to the level of commercial demand. Price fluctuations appear to be attributed to investor and speculator reaction to a number of events.

Consumption of silver for industrial uses in the United States increased about 1% during 1983 to an estimated 120,000,000 ounces compared to a revised figure of 118,800,000 ounces in 1982.

All major categories except "Batteries" and "Brazing Alloys" appear to have registered small increases. The largest gain was in "Coins, Medallions and Commemorative Objects", which showed an increase of 1,200,000 ounces over 1982.

World consumption of silver during 1983 for industrial and coinage uses combined, excluding Communist-dominated areas, increased to an estimated 366,600,000 ounces, a slight increase over our revised 1982 figure of 361,500,000 ounces.

Industrial consumption was approximately 348,000,000 ounces, virtually unchanged from the previous year. The increases recorded in Japan and the United States were offset by lower consumption in various other countries, principally West Germany and the United Kingdom. Coinage consumption increased 45% to 18,600,000 ounces from 12,800,000 ounces in 1982. This sharp increase is due to the U.S. Olympic coin program which used approximately 10,000,000 ounces of silver in 1983.

World mine production of silver, excluding Communist-dominated areas, amounted to nearly 308,000,000 ounces during 1983, an increase of 5% from our revised 1982 figure of 294,700,000.

Supplies of silver from secondary sources increased 14% during 1983 and continued to flow into the market. The outflow of silver from old scrap, demonetized coin, India, and government sources provided 158,100,000 ounces of silver to the market during 1983 compared to 138,500,000 ounces during 1982.

Prices in the New York market continued to fluctuate widely as has been the pattern in the past several years. The range between the high and low prices was $6.30 in 1983 compared to $6.33 in 1982. The average silver price for 1983 of $11.45 was 44% higher than the comparable amount of $7.95 for 1982.

The basic factors which influenced the market in 1983 appear substantially unchanged from previous years. Unless an unforseen future development tips the scale, such as a return to extreme inflation, it seems logical to expect during 1984 much the same kind of market conditions we have been experiencing for the past few years.

Table of Contents

2 Highlights of the Silver Market for 1983

5 Review of the Silver Market for 1983

6 Silver in the United States

6 The New York Market

6 Price Definition

7 Monthly Price Ranges

8 Silver Futures

8 Industrial Consumption

10 Imports and Exports

10 Legislative Developments

12 Review of Other Markets

13 United Kingdom

14 West Germany

14 France

15 Canada

15 Mexico

16 Japan

17 India

18 Summary of World Stocks

20 The Outlook

23 Statistical Tables

Review of the Silver Market for 1983

We have continually emphasized that there will not be a shortage of silver for future industrial needs and events have confirmed this position. During 1983, silver supplied to the market from new mine production and secondary sources exceeded industrial demand by approximately 100,000,000 ounces. The basic factors which influenced the market in 1983 appear substantially unchanged from previous years.

Silver prices continued to experience frequent fluctuations which have been characteristic of the market for the last decade. Price fluctuations during 1983 were substantial by all historical standards but were less chaotic, on the whole, than during the four preceding years. Economic uncertainties periodically set off speculative flurries of varying intensity, but each such flurry was followed by a downward market reaction. There were no new developments in 1983 of sufficient significance to sustain a change in the basic long-term outlook.

The table on page 28 shows a comparative record of high, low, and average silver prices for both the New York and London spot markets for the past ten years. Prices in the New York market continued to fluctuate widely as has been the pattern in the past several years. The range between the high and low prices was $6.30 in 1983 compared to $6.33 in 1982. The average silver price for 1983 of $11.45 was 44% higher than the comparable amount of $7.95 for 1982. The chart on page 7, which shows monthly high, low and average prices of spot silver from 1974 through 1983 as published by Handy & Harman, demonstrates the volatile nature of the market over the past ten years.

There have been few years in which the silver market has presented a more confused and unpredictable performance than the one just ended. Speculator and investment activity continued

to dominate the market in 1983 as in prior years. The year opened with the market at $10.94 per troy ounce; on February 16, 1983 it reached $14.74, the high for the year. This advance represented the continuation of the upward trend which had been underway since August 1982. The price immediately weakened and dropped to $10.13 on March 23, a 31% decline in just five weeks. At this point, prices strengthened and rose to $13.60 by May 31, 1983. Starting June 1, prices fell again, continuing to fluctuate erratically until September 23 when the New York price of silver was $12.06. Thereafter, the price fell once again to $8.34 on November 17, 1983, which proved to be the low for the year. The reason for the increases and subsequent declines in silver prices during 1983 had little relationship to the level of commercial demand. The price fluctuations appear to be attributed to investor and speculator reactions to a number of events.

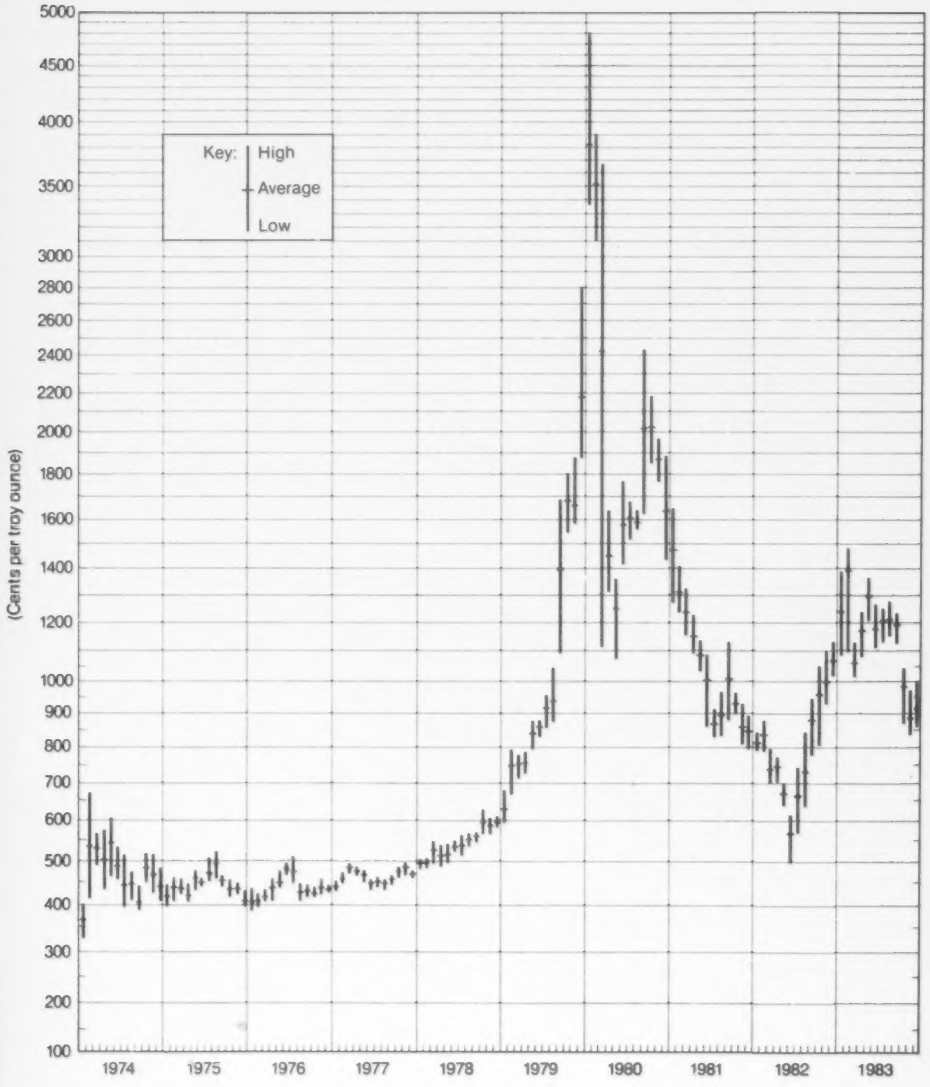
Silver in the United States

The New York Market: Spot prices in the New York market are primarily determined by prevailing quotations on the New York Commodity Exchange, generally referred to as COMEX. The Exchange provides a broad trading market in silver futures contracts. Major suppliers of silver to industrial users, including producers and dealers, base their offering prices on COMEX quotations. As a result the Handy & Harman price, published at noon each business day, usually reflects the level of prices on COMEX at that time. Unless otherwise specified, all references to the New York price refers to the Handy & Harman quotation.

Price Definition: The price referred to in the above market discussion is the New York Silver Price as published daily by Handy & Harman. The definition of this price is as follows:

> "The daily silver quotation reported by Handy & Harman, in cents and tenths of a cent per troy ounce, is the lowest at which offers can be obtained by Handy & Harman for silver

New York Silver Prices Monthly Ranges



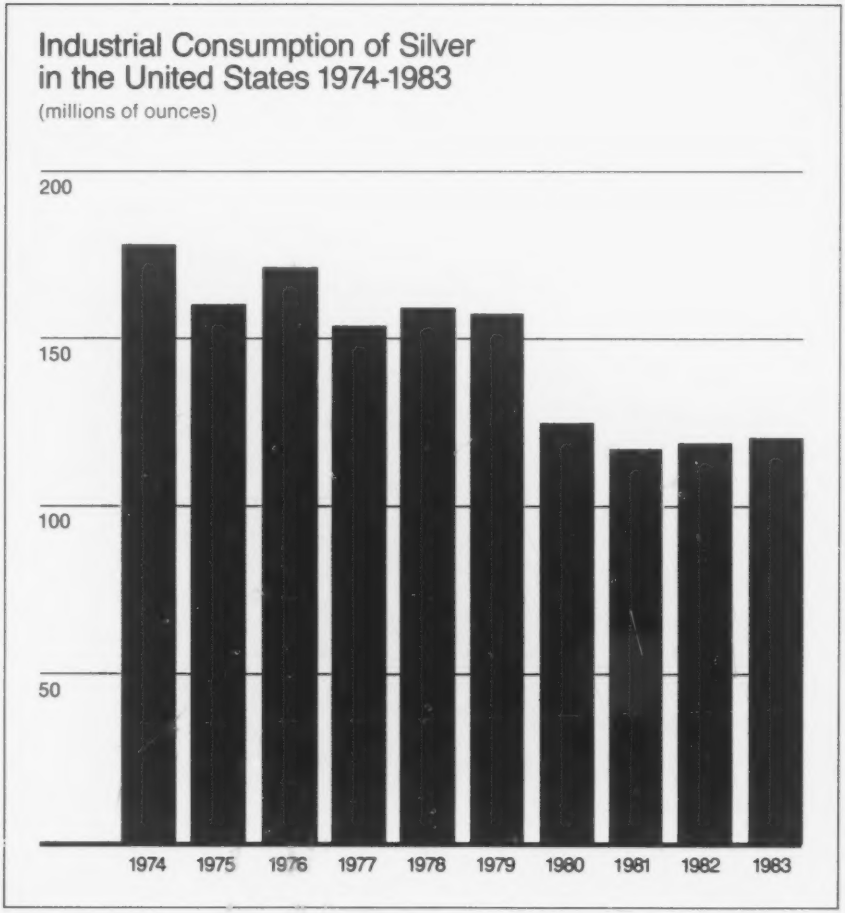
in commercial bar form, in accordance with ASTM Designation: B413-69 Specification for Refined Silver, Grade 99.90 for nearby delivery at New York, in quantities sufficient to meet requirements."

The New York Commodity Exchange designates certain brands of silver which are acceptable as good delivery against contracts on the Exchange, but it does not require conformity to ASTM specifications. It requires only that such silver be no less than 99.9% pure without reference to impurities. This is very important for commercial users. Therefore, the price published by Handy & Harman is somewhat different than comparable quotations on COMEX.

Silver Futures: Trading in silver futures on the New York Commodity Exchange increased dramatically during 1983. A total of 6,432,982 contracts of 5,000 ounces each were traded, amounting to 32.2 billion ounces of silver. This represents an increase of 125% from the 14.3 billion ounces traded in 1982. Open interest at year-end amounted to 60,334 contracts, up 78% from 33,808 at the beginning of the year. Stocks in COMEX licensed vaults at the end of 1983 amounted to 127,416,000 ounces, up 41% from the 90,659,000 ounces at the end of 1982.

The Chicago Board of Trade has a 1,000 ounce contract and a 5,000 ounce contract. A total of 21,470 contracts of 5,000 ounces and 2,643,166 contracts of 1,000 ounces each were traded during 1983. This is equivalent to about 2.8 billion ounces of silver compared to 1.2 billion ounces for the year before. Stocks in approved CBT vaults at year-end amounted to 25,663,000 ounces, an increase of 62% over the 15,820,000 ounces at the end of 1982.

Industrial Consumption: Consumption of silver for industrial uses in the United States increased about 1% during 1983 to an estimated 120,000,000 ounces compared to a revised figure of



118,800,000 ounces in 1982. A five-year summary of consumption by end-use appears on Page 26 in the statistical tables.

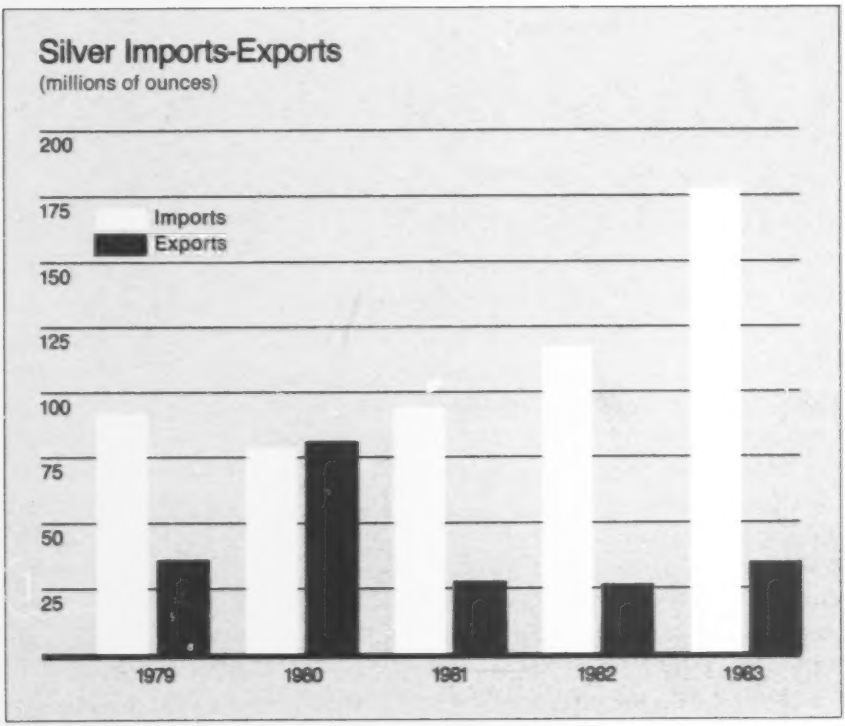
All major categories except "Batteries" and "Brazing Alloys" appear to have registered small increases. The largest gain was in "Coins, Medallions and Commemorative Objects", which showed an increase of 1,200,000 ounces over 1982.

Imports and Exports: Total imports of silver into the United States during 1983 amounted to approximately 177,500,000 ounces, a 51% increase over the previous year's revised total of 117,400,000 ounces. Imports from Canada amounted to 36,000,000 ounces, a 4% decrease from the previous year. Imports from Mexico increased to 28,700,000 ounces in 1983 from 26,400,000 ounces in 1982. Shipments received from Peru amounted to 23,300,000 ounces, an increase of 5,000,000 ounces from the previous year. Imports of silver bullion from the United Kingdom increased to 55,500,000 ounces in 1983 compared to 12,400,000 ounces in 1982. This large movement of bullion is reflected in the increase of COMEX and CBT warehouse stocks. All other countries supplied close to 34,000,000 ounces in 1983, as compared to 22,900,000 ounces in the previous year.

Exports during 1983 amounted to an estimated 34,000,000 ounces, a 34% increase over the 25,400,000 ounces in 1982. Exports to the United Kingdom in 1983 totaled 10,600,000 ounces. This compares with 7,400,000 ounces shipped in the previous year. In addition, 10,200,000 ounces were shipped to Canada, nearly 4,600,000 ounces were shipped to Japan, 2,400,000 ounces were shipped to West Germany and 6,200,000 ounces to various other countries.

Legislative Developments: On December 21, 1982, the President signed the Continuing Spending Bill which limits the amount of silver available for sale each year from the U.S. Strategic Stockpile to 10 percent of U.S. annual mine production. This new legislation authorizes the General Services Administration to sell three to four million ounces annually based on the current level of U.S. mine production.

The question regarding the sale of the U.S. Strategic Stockpile of 137,500,000 ounces of silver has been under consideration since 1973. During 1981, legislation was enacted authorizing the General Services Administration to sell



105,000,000 ounces over a three year period; however, after two months of offerings, the G.S.A. sold only 2,000,000 ounces. On December 17, 1981, the G.S.A. announced it would stop sales of silver in accordance with the Defense Appropriation Act which called for a halt to the weekly sales until the President completes a study to determine whether there is a surplus of silver in the national stockpile. This study has not been completed; all indications are that there is still strong Congressional opposition to the disposal of the silver stockpile. Meanwhile, this silver continues to be a potential source for industry.

During November 1981, the U.S. Congress approved legislation calling for the minting of a silver coin to commemorate the 250th birthday of George Washington. The Treasury's Bureau of the Mint issued nearly 10 million of these coins which contained

BEST COPY AVAILABLE

90 percent silver and sold for $10.00 each. Approximately 3 million ounces of silver from the U.S. Treasury stocks was used during 1982 and 1983 for this program.

During 1982 the U.S. Congress authorized a program to sell silver coins to commemorate the 1984 Olympics. Silver for this program was furnished by the U.S. Treasury, and it is estimated that 10 million ounces of silver was used during 1983.

REVIEW OF OTHER MARKETS

World consumption of silver during 1983 for industrial and coinage uses combined, excluding Communist-dominated areas, increased to an estimated 366,600,000 ounces, slightly over our revised 1982 figure of 361,500,000 ounces. Industrial consumption was approximately 348,000,000 ounces, virtually unchanged from the previous year. The increases recorded in Japan and the United States were offset by lower consumption in various other countries, principally West Germany and the United Kingdom. Coinage consumption increased 45% to 18,600,000 ounces from 12,800,000 ounces in 1982. This sharp increase is due to the U.S. Olympic coin program which used approximately 10,000,000 ounces of silver in 1983.

World mine production of silver, excluding Communist-dominated areas, amounted to nearly 308,000,000 ounces during 1983, an increase of 5% from our revised 1982 figure of 294,700,000. Peru, now the world's leading producer of silver, increased its output 3% in 1983 to 55,000,000 ounces. Production from Mexico was 51,200,000 ounces in 1983 compared to 47,300,000 ounces in 1982. Mine production in the United States increased 3% to 41,000,000 ounces. Canadian production of 39,800,000 ounces was also higher than the 38,700,000 ounces for 1982. Australian mine production increased 6% to 31,000,000 ounces.

Supplies of silver from secondary sources increased 14% during 1983 and continued to flow into the market. The outflow of silver from old scrap, demonetized coin, India and government sources provided 158,100,000 ounces of silver to the market during 1983 compared to 138,500,000 ounces during 1982. Silver from government sources increased 13,700,000 ounces. This amount includes the usage under the U.S. Olympic coin program. Silver provided from demonetized coin decreased to 8,000,000 ounces in 1983 compared to 13,000,000 ounces the previous year. Silver from India was 46,800,000 ounces in 1983, a 40% increase over the 33,400,000 ounces in 1982. Finally, old scrap and other sources provided 88,500,000 ounces in 1983, up 8% from the 81,000,000 ounces in 1982.

United Kingdom: Consumption of silver for industrial uses in the United Kingdom during 1982 amounted to about 18,000,000 ounces, a decrease of 10% from 1982. Imports for the year in refined and unrefined form are estimated at 56,000,000 ounces, an increase of 44% from the revised total of 39,000,000 ounces in 1982. The largest amount of imports during 1983 came from the United States which supplied approximately 10,600,000 ounces. Other significant sources were West Germany, 10,000,000 ounces; France, 5,700,000 ounces; Mexico, 5,500,000 ounces; Australia, 5,400,000 ounces; Peru, 4,400,000 ounces; Japan, 3,000,000 ounces; and other countries, 11,400,000 ounces.

Exports of silver for 1983 amounted to nearly 82,000,000 ounces. This represents an increase of approximately 51% from the revised 1982 level of 54,300,000 ounces. During 1983, the largest amount of exports went to the United States which received approximately 55,500,000 ounces. Switzerland received 21,500,000 ounces, France 2,100,000 ounces, and 1,000,000 ounces were shipped to West Germany. Silver exported to all other countries totaled 1,900,000 ounces.

The daily quotation for prompt delivery issued by the London Silver Market ranged from a high of 948.65 pence, reached on

February 16, to a low of 560.25 pence, established on November 1, 1983. In dollar terms the high was $14.66 on February 15 and the low was $8.37 on November 1, 1983. These prices were based on sterling exchange rates in effect at the time.

West Germany: Industrial consumption of silver in West Germany during 1983 amounted to 25,700,000 ounces according to our estimates. This represents a decrease of about 24% from the 1982 level. It is significant to note that this is the lowest annual consumption since 1954. There was no silver used for coinage during 1983, or the previous year. Domestic mine production for 1983 amounted to 1,300,000 ounces, approximately the same as the previous year, and smelter production from foreign ores amounted to 9,700,000 ounces. There were no statistics available that could provide figures for silver recovered from old scrap. However, we have reason to believe that about 8,500,000 ounces of silver resulting from scrap was produced.

Imports in both refined and unrefined form totaled nearly 40,900,000 ounces, of which 1,000,000 ounces came from the United Kingdom; 5,800,000 ounces from Sweden; 1,000,000 ounces from Switzerland; 2,400,000 ounces from the United States and the balance of 30,700,000 ounces from various other countries. Exports amounted to an estimated 34,700,000 ounces of which 10,000,000 ounces were shipped to the United Kingdom and 6,000,000 ounces to Switzerland. Other principal countries of destination were Italy, Austria, the United States and the Netherlands.

France: Consumption of silver for industrial uses in France during 1983 amounted to about 18,600,000 ounces, approximately the same as the previous year. There was no silver used for coinage in 1983 or 1982. Primary production amounted to 10,900,000 ounces, down 22% from 1982. Silver produced from old scrap amounted to 10,000,000 ounces in 1983, compared to 9,600,000

ounces in 1982. Government stocks of about 2,900,000 ounces were virtually unchanged from the previous year.

Imports of silver into France during 1983 amounted to approximately 14,600,000 ounces, a decrease of nearly 1,300,000 ounces from our revised 1982 amount. The principal countries from which silver arrived were Belgium, 1,600,000 ounces; United Kingdom, 2,100,000 ounces; Mexico, 1,900,000 ounces; and from various other countries, the balance of 9,000,000 ounces. Exports totaling 15,900,000 ounces increased from the previous year's revised amount of 12,100,000 ounces. The principal countries to which silver was exported were the United Kingdom, 5,700,000 ounces; Switzerland, 4,000,000 ounces; Spain, 2,400,000 ounces; and to various other countries, the balance of 3,800,000 ounces.

Canada: Production of silver in Canada during 1982 amounted to 39,800,000 ounces, an increase of 3% over the 1982 amount of 38,700,000 ounces. The country continues to be one of the largest producing nations in the non-Communist world. Silver consumed for industrial uses amounted to an estimated 9,000,000 ounces, approximately the same as the previous year. Coinage consumption amounted to 400,000 ounces in 1983, nearly the same as the previous year.

Imports of silver into Canada during 1983 decreased 20% to 12,500,000 ounces of which 10,200,000 ounces came from the United States. Exports for 1982 are estimated at 49,900,000 ounces, of which 36,000,000 ounces were shipped to the United States. This compares with a total of 52,600,000 ounces exported during the previous year.

Mexico: Silver production in Mexico in 1983 amounted to 51,200,000 ounces, an increase of 8% from our revised figure of 47,300,000 ounces for 1982. Mexico has been replaced by Peru as the number one producing nation in the world. Industrial consumption in Mexico amounted to about 1,900,000 ounces, a

decrease of 47% over the 1982 level. Mexico did not mint any silver coins in 1983 or 1982. Government stocks at year-end amounted to approximately 22,400,000 ounces, an increase of 4,400,000 ounces during the year.

Mexico exported 44,400,000 ounces of silver during 1983. Approximately 9,100,000 ounces were shipped to Europe; the United States received 28,700,000 ounces, and Japan, 6,600,000.

Japan: We estimate industrial consumption in Japan was about 69,500,000 ounces during 1983, of which 39,600,000 ounces were used by the photographic industry and 7,200,000 ounces by electrical contacts manufacturers. Total quantity consumed increased approximately 10% from our revised 63,200,000 ounces used in 1982. In the following table we have broken down our estimates of major categories of use for 1983 and 1982.

	1983		1982	
	Ounces (millions)	% of Total	Ounces (millions)	% of Total
Photography	39.6	57.0	36.6	57.9
Nitrates	6.5	9.3	5.5	8.7
Contacts	7.2	10.4	6.6	10.5
Solder & Brazing	3.2	4.6	3.3	5.2
Plating	2.7	3.9	2.3	3.6
Tube, Sheet Bar & Wire	3.0	4.3	3.5	5.5
Silverware	1.0	1.4	1.3	2.1
Other	6.3	9.1	4.1	6.5
	69.5	100.0	63.2	100.0

Domestic mines in Japan produced 10,400,000 ounces of silver in 1983 compared to 9,000,000 ounces in 1982. In addition, 16,800,000 ounces of silver was recovered from old scrap and other sources during 1983, an increase of 2,800,000 ounces over the 1982 amount. Industry stocks declined 11,200,000 ounces during 1983 to a year-end level of 7,700,000 ounces.

Imports for the year in refined and unrefined form are estimated at 37,000,000 ounces, the same as the 1982 revised amount. The largest amount came from overseas mines which produced 24,700,000 ounces in 1983, up 3,800,000 ounces from 1982. Other sources were Mexico, 6,600,000 ounces; United States, 4,600,000 ounces; and the balance of 1,100,000 ounces from all other countries.

Exports of silver for 1983 amounted to 5,700,000 ounces, a sharp increase over the 2,600,000 ounces shipped in 1982.

Once again, no silver was used in coinage and the government has no plans to mint coins containing silver in the future. Government stocks are estimated to be nearly 2,000,000 ounces at the end of 1983 which is about the same as the amount held at the close of the previous year.

India: For many years India has been an important source of silver to world markets. However, silver is not produced in India and whatever silver is exported comes out of stocks which were accumulated through the centuries. The government of India is conscious of this fact and hence attempts to regulate the export of silver. On February 20, 1979, the government decided to ban export of silver, nevertheless, we are advised that perhaps 25,000,000 ounces were shipped to world markets during 1983, an increase of 14,100,000 ounces from the previous year. If prices remain at present levels, a continuing outflow of silver from India may reasonably be expected. Consumption of silver in India amounted to 21,800,000 ounces, a decrease of 700,000 ounces from the previous year. This represents a total contribution in 1983 of 46,800,000 ounces to the market of the non-Communist world, compared to 33,400,000 ounces in 1982. It is not possible to verify the internal hoards of silver in India, but by all reports they are enormous and will continue to be an important factor for the indefinite future. Government monetary stocks are reported to be 67,500,000 ounces at the end of 1983, reflecting no change during the year.

SUMMARY OF WORLD STOCKS

During 1982, the Bureau of Mines published a report prepared by Economic Consulting Services, Inc., Washington, D.C., entitled "The Price-Responsiveness of Secondary Silver." It stated:

> "It was determined that there are very large unreported stocks of silver bullion and coins in the United States which, under certain conditions, can become an important source of future incremental supply to the market. Both categories of private holdings were accumulated mainly as a result of an extraordinary series of U.S. Government policies over the period 1933 to 1970. The total volume of these unreported stocks is estimated to be 1.6 billion ounces at year-end 1980, an amount equivalent to 12 years of industrial demand at a 1981 annual rate of consumption. Of these stocks, roughly 61 percent are held rather widely among the general population in the form of coins, nearly all of which were acquired as a store of value during the period leading up to demonetization and coinciding with the withdrawal of silver coins from circulation. The remainder, in the form of bullion, is probably held by a more limited group of individuals, including speculative holders who actively trade silver in expectation of capital gains."

The table on page 19 summarizes on a world-wide basis, excluding India and Communist countries, reported and unreported stocks of silver in both bullion and coin. In some cases, figures are available from published reports, both governmental and private. In the case of "Stocks of foreign governments" only partial information is reported. "Conjectural stocks" were determined by reference to the Bureau of Mines study referred to above and information obtained from private sources.

World Stocks of Silver

(excluding India and Communist-dominated areas)

(millions of ounces)

	1983	1982	Increase (Decrease)
Reported private stocks:			
New York Commodity Exchange	127.4	90.7	36.7
Chicago Board of Trade	25.7	15.8	9.9
London Metal Exchange	45.4	35.0	10.4
Industry stocks in U.S.	15.5(a)	20.6	(5.1)
Total	214.0	162.1	51.9
U.S. Government stocks:			
U.S. Strategic Stockpile	137.5	137.5	—
U.S. Treasury (Mint)	35.5(a)	36.7	(1.2)
Total	173.0	174.2	(1.2)
Stocks of foreign governments (estimated)	150.0	150.0	—
Conjectural stocks:			
Unreported bullion stocks in the U.S. and abroad	820.0	770.0	50.0
U.S. Silver coins potentially available	850.0	852.0	(2.0)
Foreign silver coins potentially available	25.0	25.0	—
Total	1,695.0	1,647.0	48.0
Total World Silver Stocks	2,232.0	2,133.3	98.7

(a) as of September 30, 1983

It is estimated that world stocks of silver totaled approximately 2,232,000,000 ounces at December 31, 1983, an increase of 98,700,000 ounces during the year. The largest part of the increase, 51,900,000 ounces, was in stocks held in commodity exchange warehouses, and the balance was conjectural stocks of unreported bullion in the United States and abroad.

THE OUTLOOK

During the last decade the silver market has been dominated by speculative activity and scant attention has been paid to the economics of commercial supply and industrial demand. The price dipped as low as $3.27 an ounce in 1974 and soared to a spectacular all-time high of $48.00 an ounce in 1980. The fundamental political and monetary uncertainties which have created this excessive speculation have not been corrected, but the problems are receiving increasing international attention. The basic factors that apparently influenced the market pattern in 1983 appear substantially unchanged from the previous year. These factors are:

(1) Traditionally, inflation has led to speculation in silver with resulting volatility and higher prices. Even though inflation has moderated, it is far from cured and will probably be a major near term influence in the silver market. Also, the widespread lack of confidence in world currencies and international monetary uncertainties, particularly less developed countries' debt, will possibly continue and may intensify in 1984. These conditions create flights from currencies in general, primarily into gold but also, very importantly, into silver.

(2) Most of the leading economists are predicting a continuation of the business recovery throughout 1984, and if this occurs, world-wide industrial demand for silver is likely to increase.

(3) The balance of supply and industrial demand of the silver market changed substantially in mid-1979 when the price rose to over $8.00 per ounce. Since then, silver supplied from new mine production and secondary sources (scrap and recycling) has exceeded industrial consumption. This represents a reversal of the market conditions which existed during the previous 25 years.

Accordingly, for the last four years industrial consumers of silver have been able to meet their needs without looking to speculative accumulation as a source.

(4) We estimate that private investors added approximately 294,000,000 ounces of silver to their holdings during the last four years; the accumulation now exceeds 1,000,000,000 ounces of refined bullion. This trend may continue causing industrial users to bid against private investors for available supplies.

(5) For many years, the flow of silver into world markets from India and other secondary sources has been an important part of the supply equation. This flow appears to react to price changes, diminishing when prices decline and increasing when they rise, and, accordingly, tends to have a somewhat moderating influence.

In summary, there is no discernible dominating influence among these factors, as demonstrated by the lack of any clear price trend over the last two years. Unless some unforeseen future development tips the scales, such as a return to extreme inflation, it seems logical to expect much of the same kind of market conditions during 1984 we have been experiencing for the past few years.

STATISTICAL TABLES

World Silver Consumption

(excluding Communist-dominated areas)

(millions of ounces)

	1983	1982	1981	1980	1979
Industrial uses:					
United States	120.0	118.8	116.6	124.7	157.2
Canada	9.0	9.0	8.5	8.7	8.1
Mexico	1.9	3.6	3.2	3.1	5.5
United Kingdom	18.0	20.0	18.5	20.5	26.5
France	18.6	18.6	20.6	20.2	21.5
West Germany	25.7	33.6	28.0	29.1	46.1
Italy	11.0	9.3	12.4	21.8	31.1
Japan	69.5	63.2	59.8	61.7	66.4
India	21.8	22.5	19.0	19.0	19.0
Belgium	16.0	15.1	16.2	15.7	16.8
Other countries	36.5	35.0	34.0	30.0	36.0
Total industrial uses	348.0	348.7	336.8	354.5	434.2
Coinage:					
United States	11.2(a)	2.5(a)	—	.1	.1
Canada	.4	.3	.2	.2	.3
Austria	2.0	4.0	3.0	4.3	5.0
France	—	—	—	—	7.7
West Germany	—	—	—	—	3.7
Mexico	—	—	—	6.1	5.0
Other countries	5.0	6.0	5.8	3.0	6.0
Total coinage	18.6	12.8	9.0	13.7	27.8
Total Consumption	366.6	361.5	345.8	368.2	462.0

NOTE: Figures for 1983 are preliminary. Some of the figures for 1979 through 1982 as published in last year's Review have been revised.

(a) Includes silver used in minting the George Washington Commemorative Coin and the Olympic Coin.

World Silver Supplies

(excluding Communist-dominated areas)

(millions of ounces)

	1983	1982	1981	1980	1979
New production:					
Western Hemisphere:					
United States	41.0	40.0	40.7	31.3	38.1
Canada	39.8	38.7	36.2	34.4	36.9
Mexico	51.2	47.3	53.2	47.3	49.4
Peru	55.0	53.2	44.6	42.9	43.4
Other countries	29.0	27.3	25.7	23.1	22.9
Total	216.0	206.5	200.4	179.0	190.7
Outside the Western Hemisphere:					
Australia	31.0	29.2	23.9	24.7	26.8
Other countries	61.0	59.0	58.9	51.5	52.9
Total	92.0	88.2	82.8	76.2	79.7
Total new production	308.0	294.7	283.2	255.2	270.4
Secondary sources of supply:					
From U.S. Government	11.8	3.1	2.1	.1	.1
From stocks of foreign gov'ts	3.0	8.0	2.0	5.2	3.1
From demonetized coin	8.0	13.0	12.0	55.0	25.5
From Indian stocks	46.8	33.4	33.5	44.7	33.5
Old scrap and other misc. sources	88.5	81.0	105.0	121.5	80.5
Liquidation of (additions to) private bullion stocks	(99.5)	(71.7)	(92.0)	(113.5)	48.9
Total other supplies	58.6	66.8	62.6	113.0	191.6
Available for World Consumption	366.6	361.5	345.8	368.2	462.0

NOTE: Figures for 1983 are preliminary. Some of the figures for 1979 through 1982 as published in last year's Review have been revised.

United States Industrial Consumption of Silver by End Use

(millions of ounces)

	1983	1982	1981	1980	1979
Electroplated ware	3.5	3.2	3.9	4.4	8.1
Sterling ware	7.1	6.6	4.4	9.1	13.0
Jewelry	7.1	6.3	5.4	5.9	5.3
Photographic materials	51.8	51.8	51.0	49.8	66.0
Dental and medical supplies	1.6	1.7	1.7	2.2	2.3
Mirrors	1.0	1.0	.6	.7	1.9
Brazing alloys and solders	6.9	7.4	7.7	8.5	10.9
Electrical and electronic products:					
Batteries	3.0	4.2	3.8	6.0	4.6
Contacts and conductors	27.8	27.7	26.4	27.8	33.5
Bearings	.2	.2	.3	.6	.3
Catalysts	2.4	2.4	3.8	3.0	5.6
Coins, medallions and commemorative objects	3.0	1.8	2.6	4.6	4.7
Miscellaneous	4.6	4.5	5.0	2.1	1.0
Total Industrial Consumption	120.0	118.8	116.6	124.7	157.2

NOTE: Based on data from Mineral Industry Surveys for gold and silver, published by Bureau of Mines, United States Department of the Interior.

Imports of Silver into the United States

(millions of ounces)

	1983	1982	1981	1980	1979
Imported from:					
Canada	36.0	37.4	34.0	31.1	26.6
Mexico	28.7	26.4	22.1	14.6	25.3
Peru	23.3	18.3	23.0	18.1	19.8
Other Western Hemisphere Countries	7.0	7.6	6.8	3.0	3.2
Total Western Hemisphere	95.0	89.7	85.9	66.8	74.9
United Kingdom	55.5	12.4	1.4	4.5	10.6
All Other Countries	27.0	15.3	6.8	7.4	6.8
Total Imports	177.5	117.4	94.1	78.7	92.3

Exports of Silver from the United States

(millions of ounces)

	1983	1982	1981	1980	1979
Exported to:					
Canada	10.2	9.4	10.5	8.6	2.7
United Kingdom	10.6	7.4	8.7	30.5	8.0
Japan	4.6	4.4	4.0	4.6	7.1
West Germany	2.4	2.3	.3	5.6	.7
Switzerland	.5	.5	1.0	15.8	10.0
All Other Countries	5.7	1.4	3.4	15.8	7.1
Total Exports	34.0	25.4	27.9	80.9	35.6

NOTE: Figures for 1983 are preliminary. Some of the figures for 1979 through 1982 as published in last year's Review have been revised.

Silver Quotations

	NEW YORK (Handy & Harman)			LONDON (Daily Fixing)		
	High	Low	Average	High	Low	Average
1983 ...	1466.800¢	837.000¢	1145.339¢	948.650p	560.250p	753.437p
1982 ...	1121.000	488.500	794.728	685.150	285.100	455.258
1981 ...	1645.000	795.000	1051.837	671.200	412.800	515.234
1980 ...	4800.000	1080.000	2063.157	2165.050	467.800	900.662
1979 ...	2800.000	596.100	1109.378	1446.850	296.400	508.561
1978 ...	629.600	482.900	540.089	311.200	250.000	282.203
1977 ...	496.000	430.000	462.302	289.700	246.900	265.538
1976 ...	510.000	381.500	435.346	282.150	189.050	242.420
1975 ...	522.500	391.000	441.852	248.100	167.100	200.115
1974 ...	670.000	327.000	470.798	293.000	141.900	199.898